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May 16, 2006

BY E-FILE AND REGULAR MAIL

Mr. Dennis O'Leary
Clerk to the Honorable Mark L. Wolf
United States District Court
Moakley U.S. Courthouse
1 Courthouse Way
Boston, MA 02210

Re: *ABC Mortgage Corporation et al., v. Scottsdale Insurance Co.*
Civil Action No.: 04-10816

Dear Mr. O'Leary:

Pursuant to the Court's Order dated March 3, 2006, I write on behalf of attorney George Rockas, counsel for Scottsdale Insurance Company, and myself, counsel for ABC Mortgage Corporation et al., to inform the Court that the parties are actively discussing the settlement of this case. We anticipate this settlement will be finalized prior to the status conference scheduled for June 7, 2006 and will report to the Court accordingly. We believe this letter fulfills our obligation to report to the Court by May 19, 2006 regarding settlement. If you would like additional information, please contact me.

Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read 'KDF', followed by a long horizontal flourish.

Kerry D. Florio

KDF/klc
cc: George Rockas, Esq.